

**SECOND QUARTER**  
**OFFICE** MARKET REPORT  
**2020**

*OKLAHOMA CITY, OKLAHOMA*





# Second Quarter Office Market Report

NAI Sullivan Group

2020

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## EXECUTIVE SUMMARY

This Q2 2020 Oklahoma City office market report shows a negative absorption in all three classes of office market space, with a total negative absorption of 209,407 square feet. This is a decrease from the end of Q1 with 408,714 square feet of negative absorption.

As the COVID-19 numbers increase and with a struggling energy sector, the office market will continue to see vacancies rise, and we expect rental rates to decrease in the Oklahoma City office market in 2020. Many office building owners and property management companies will continue making the required changes to keep their tenants in as safe environment as possible.



The overall office rental rates have increased in the Q2, this could be from the new Class A office space that was preleased, and hit the market. The average office market rental rate is \$18.46 per square foot, an increase from Q1 which was \$17.94 per square foot. The overall vacancy rate is 9.80 percent at the end of Q2. The overall vacancy rate increased from 9.40 percent in Q2.

There were 20 office transactions recorded during Q2 2020, totaling \$30,177,070, which is down from Q1 of \$168,303,913. The most significant sale was 14501 Hertz Quail Springs Parkway, in Oklahoma City. Local company Costco Wholesale Corporation purchase the 224,877 square foot property from Hertz Realty Corporation for \$25,400,000 or \$112.95 per square foot, to use as there corporate headquarters. Please review the following report that will detail the office leasing activity as well as sales detail.

Amanda Sullivan  
Business Manager/ Office Specialist

### Leasing Activities

<b>Total Inventory</b>	64,459,367 SF
<b>Total Net Absorption</b>	-209,407 SF
<b>Overall Rental Rate</b>	\$18.46/SF/YR
<b>Total Vacancy Rate</b>	9.80%
<b>Under Construction</b>	333,631 SF

### Sales Activities

<b>Number of Transactions</b>	20
<b>Total Sales Volume</b>	\$30,177,070
<b>Average Price per Bldg. SF</b>	\$109.64



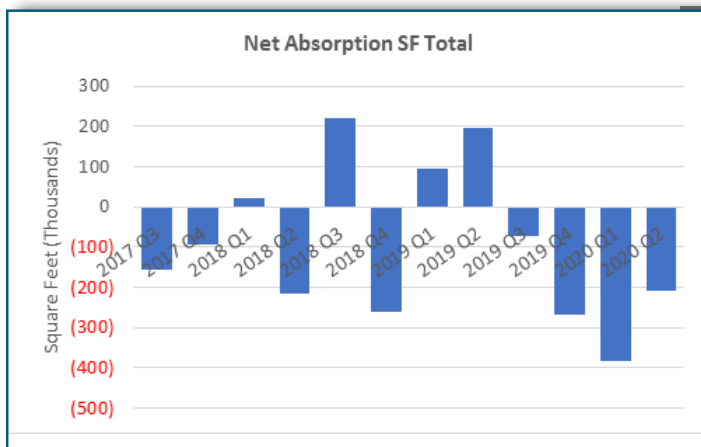
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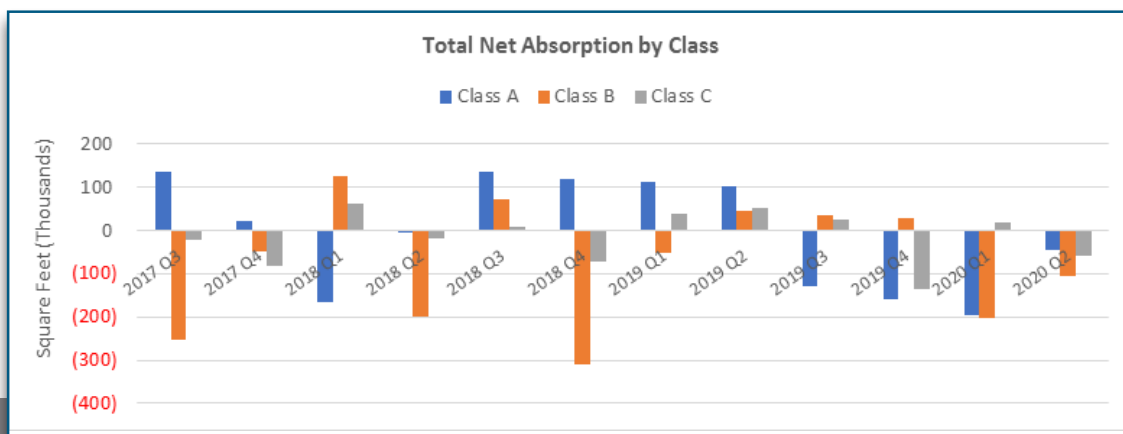
## OKLAHOMA CITY OFFICE MARKET LEASING

The largest office lease signings based on SF during Q2 2020 include the 224,877 SF office lease signed at 14501 Hertz Quail Springs Parkway in Oklahoma City, the 24,396 SF signed by Tapstone Energy LLC at 211 N. Robinson Avenue in Oklahoma City, and the 14,187 SF office lease signed by ORBIS Inc. at 3817 NW Expressway in Oklahoma City.

## NET ABSORPTION AND INVENTORY



- The total net absorption was a negative 209,407 SF at the end of Q2 2020
- The total net absorption decreased from the compared negative 408,714 SF at the end of Q1 2020
- The total inventory was 64,466,877 SF at the end of Q2 2020
- The total inventory increased from the 64,284,052 SF at the end of Q1 2020



- The Class-A property absorption was a negative 46,806 SF, which remains negative compared to the net absorption of a negative 219,974 SF at the end of Q1 2020
- The Class-B property absorption was a negative 104,055 SF, which remains negative compared to the net absorption of a negative 205,694 SF at the end of Q1 2020
- The Class-C property absorption was a negative 58,546 SF, which decreased from the net absorption of a positive 16,954 SF at the end of Q1 2020

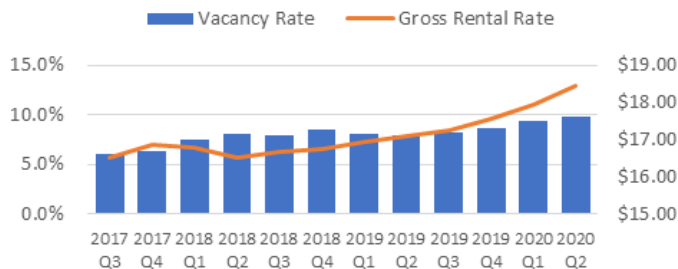


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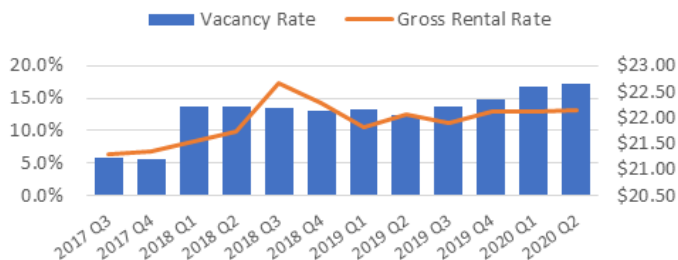
## RENTAL AND VACANCY RATES

Overall Office Market  
Vacancy Rate vs. Rental Rate



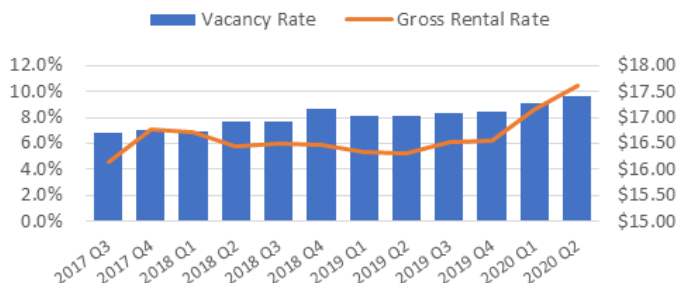
- The overall office market rental rate averaged \$18.46/SF/YR at the end of Q2 2020
- The overall office market rental rate increased from the \$17.94/SF/YR at the end of Q1 2020
- The overall vacancy rate was 9.80% at the end of Q2 2020
- The overall vacancy rate increased from the 9.40% at the end of Q1 2020

Class-A Office Market  
Vacancy Rate vs. Rental Rate



- Class-A property rental rate averaged \$22.14/SF/YR at the end of Q2 2020
- Class-A property rental rate increased from the \$22.11/SF/YR at the end of Q1 2020
- Class-A property vacancy rate was 17.30% at the end of Q2 2020
- Class-A property vacancy rate increased from the 17.10% at the end of Q1 2020

Class-B Office Market  
Vacancy Rate vs. Gross Rental Rate



- Class-B property rental rate averaged \$17.61/SF/YR at the end of Q2 2020
- Class-B property rental rate increased from the \$17.14/SF/YR at end of Q1 2020
- Class-B property vacancy rate was 9.60% at the end of Q2 2020
- Class-B property vacancy rate increased from the 9.10% at the end of Q1 2020

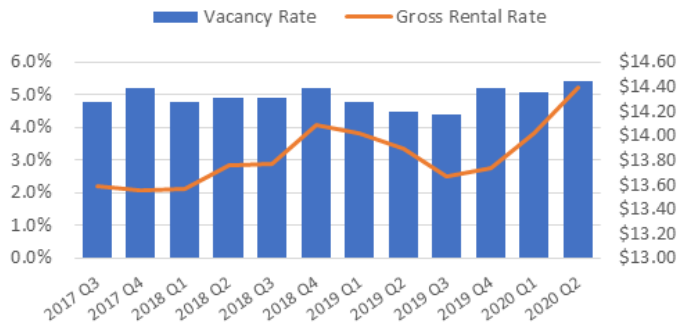




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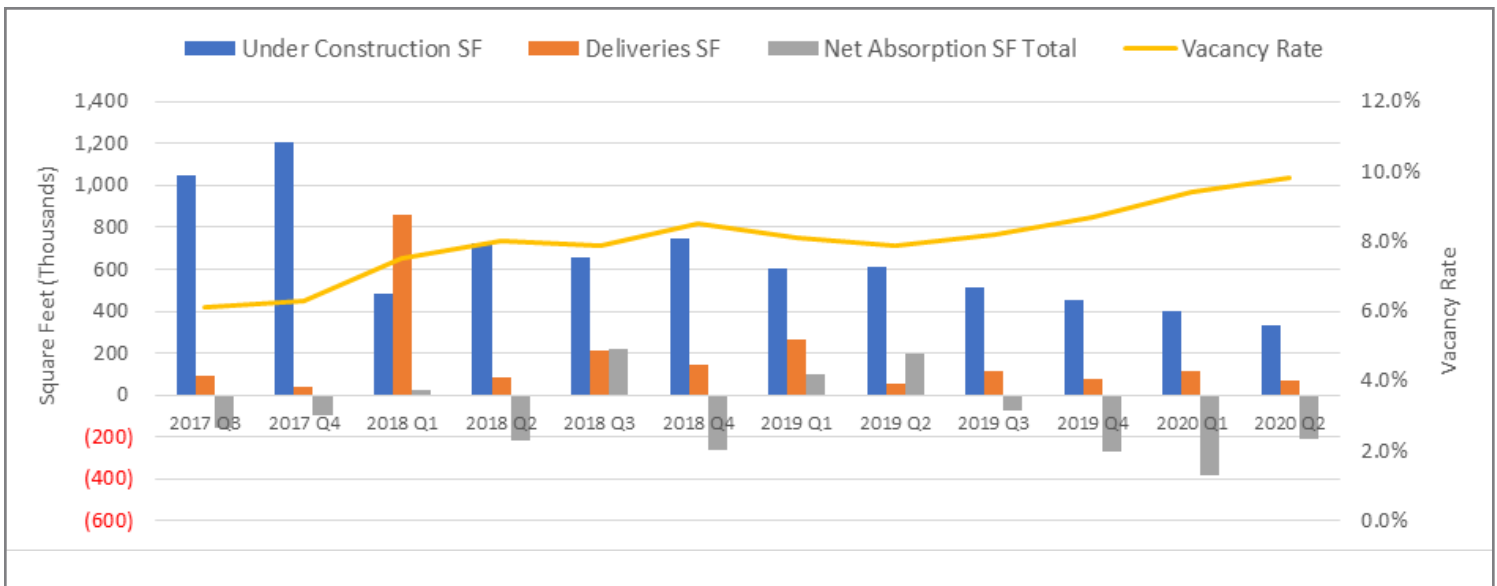
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Class-C Office Market  
Vacancy Rate vs. Rental Rate



- Class-C property rental rate averaged \$14.40/SF/YR at the end of Q2 2020
- Class-C property rental rate increased from the \$14.02/SF/YR at the end of Q1 2020
- Class-C property vacancy rate was 5.40% at the end of Q2 2020
- Class-C property vacancy rate increased from the 5.10% at the end of Q1 2020

## CONSTRUCTION, DELIVERY, NET ABSORPTION AND VACANCY RATE





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There was a 333,631 SF of office space under construction at the end of Q2 2020. The asking rental rate of under construction rentable office space averaged \$21.58/SF/YR. The two properties with the largest building area under construction are the 100,000 SF Heartland Payment Systems building at 606 N Broadway Ave., which is scheduled to be delivered in August 2020, and the Dolese Headquarters at 9000 N Broadway Ext., which is scheduled to be delivered in July 2020.

## NOTABLE OFFICE PROPERTIES UNDER CONSTRUCTION

Property Name	Property Address	City	RBA	Delivery Time
Heartland Payment Systems	606 N Broadway Ave	OKC	100,000 SF	Aug 2020
Dolese Headquarters	9000 N Broadway Ext	OKC	60,000 SF	Jul 2020
Broadway Park	1122 N Broadway Ave	OKC	47,000 SF	2020
	5400 E Memorial Rd	EDMOND	26,989 SF	Jan 2021
	500 NW 6th St	OKC	21,990 SF	Jul 2020
	838 NW 70th St	OKC	11,000 SF	Aug 2020
	10433 W Reno	OKC	10,500 SF	2020

## OKLAHOMA CITY OFFICE MARKET SALES

There were 20 office transactions recorded in Q2 2020 totaling \$30,177,070. The largest individual office sale based on dollar volume was the sale of the office property at 14501 Hertz Quail Springs Parkway in Oklahoma City. Local company Costco Wholesale Corporation purchased the 224,877 SF property from Hertz Realty Corporation for \$25,400,000 or \$112.95/SF, on May 22nd, 2020.

### Summary

<b>Number of Transactions</b>	20
<b>Total Sales Volume</b>	\$30,177,070
<b>Total Bldg. SF</b>	295,613 SF
<b>Total Land in Acres</b>	28.81 Acres
<b>Average Price per Bldg. SF</b>	\$109.64
<b>Median Price per Bldg. SF</b>	\$131.06
<b>Actual Cap Rate</b>	7.00%



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## NAI OKC MARKET SIGNIFICANT OFFICE SALE TRANSACTIONS DURING Q2 2020



Property Name: 14501 Hertz  
Quail Springs Pkwy  
Property Address: 14501 Hertz  
Quail Springs Pkwy, OKC  
Sale Price: \$25,400,000  
Price per SF: \$112.95/SF  
Sale Date: 05/22/2020



Property Name: 705 NW 4th St.  
Property Address: 705 NW 4th  
St., OKC  
Sale Price: \$990,000  
Price per SF: \$62.17/SF  
Sale Date: 04/15/2020



Property Name: Medical Office  
Property Address: 800 24th Ave.,  
OKC  
Sale Price: \$670,000  
Price per SF: \$193.59/SF  
Sale Date: 04/16/2020



Property Name: 6020 NW 120th  
Ct  
Property Address: 6020 NW  
120th Ct., OKC  
Sale Price: \$610,000  
Price per SF: \$240.25/SF  
Sale Date: 04/29/2020



Property Name: The Offices at  
Fountain Lake  
Property Address: 14033 N  
Eastern Ave., OKC  
Sale Price: \$535,000  
Price per SF: \$132.16/SF  
Sale Date: 04/10/2020



Property Name: 6000 NW 120th  
Ct.  
Property Address: 6000 NW  
120th Ct., OKC  
Sale Price: \$467,450  
Price per SF: \$135.89/SF  
Sale Date: 06/03/2020





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## NAI SULLIVAN GROUP

NAI Sullivan Group is a leading global service provider offering a full range of premier services, customized to fit your need and exceed your expectations. Our talented and experienced professionals provide benefits to large institutions and small business owners alike. We are your single point of contact for customized real estate services.

NAI Sullivan Group strives for excellence in all facets of real estate services in order to maintain our position as an industry leader. Our team transforms forward-thinking ideas into cutting-edge applications, to achieve maximum results for our clients, company and community.

For more information, please visit our website: [www.naisullivangroup.com](http://www.naisullivangroup.com)

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